

MONTANA LEGISLATIVE HISTORY

Chapter 174 19

Bill H 427 S Original bill & history ✓c

H. Committee on Federal Relations ... S. Committee on Natural Resources + Energy

Hearing Date(s) 2/5 c Hearing Date(s) 3/16 c

2/14 c 3/23 c

 c c

 c c

Date Out c

Did this bill originate in an interim committee? Yes No

Committee Report

2/05	FISCAL NOTE RECEIVED		
2/06	FISCAL NOTE PRINTED		
2/15	HEARING		
2/24	COMMITTEE EXECUTIVE ACTION—BILL PASSED AS AMENDED	9	7
2/24	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/27	2ND READING PASSED AS AMENDED	57	43
2/27	3RD READING PASSED	57	42
	TRANSMITTED TO SENATE		
3/07	REFERRED TO LOCAL GOVERNMENT		
3/13	HEARING		
3/29	TABLED IN COMMITTEE		
4/03	TAKEN FROM COMMITTEE; PLACED ON 2ND READING	39	9
4/04	2ND READING CONCURRED AS AMENDED ON VOICE VOTE	50	0
4/05	3RD READING CONCURRED	48	2
	RETURNED TO HOUSE WITH AMENDMENTS		
4/11	2ND READING SENATE AMENDMENTS CONCURRED	66	34
4/12	3RD READING PASSED AS AMENDED BY SENATE	65	34
4/12	SENT TO ENROLLING		
4/13	RETURNED FROM ENROLLING		
4/16	SIGNED BY SPEAKER		
4/17	SIGNED BY PRESIDENT		
4/17	TRANSMITTED TO GOVERNOR		
4/27	SIGNED BY GOVERNOR		
4/30	CHAPTER NUMBER ASSIGNED		
	CHAPTER NUMBER 317		
	EFFECTIVE DATE: 4/27/2007 - ALL SECTIONS		

HB 426 INTRODUCED BY ROSS

LC2204 DRAFTER: LEE

ELIMINATE LIMIT ON COUNTY ROAD AND BRIDGE DEPRECIATION RESERVE FUNDS

1/02	FISCAL NOTE NEEDED		
1/23	FISCAL NOTE REQUESTED		
1/23	INTRODUCED		
1/26	REFERRED TO LOCAL GOVERNMENT		
1/30	FISCAL NOTE RECEIVED		
1/30	FISCAL NOTE PRINTED		
1/30	HEARING		
2/09	COMMITTEE EXECUTIVE ACTION—BILL PASSED	16	0
2/09	COMMITTEE REPORT—BILL PASSED		
2/12	2ND READING PASSED	96	2
2/13	3RD READING PASSED	95	3
	TRANSMITTED TO SENATE		
3/09	REFERRED TO LOCAL GOVERNMENT		
3/27	HEARING		
3/28	COMMITTEE EXECUTIVE ACTION—BILL CONCURRED	8	0
3/28	COMMITTEE REPORT—BILL CONCURRED		
3/30	2ND READING CONCURRED ON VOICE VOTE	50	0
3/31	3RD READING CONCURRED	48	1
	RETURNED TO HOUSE		
4/02	SENT TO ENROLLING		
4/02	RETURNED FROM ENROLLING		
4/03	SIGNED BY SPEAKER		
4/03	SIGNED BY PRESIDENT		
4/03	TRANSMITTED TO GOVERNOR		
4/11	RETURNED WITH GOVERNOR'S PROPOSED AMENDMENTS		
4/30	TRANSMITTED TO GOVERNOR		
5/03	SIGNED BY GOVERNOR		
5/03	CHAPTER NUMBER ASSIGNED		
	CHAPTER NUMBER 380		
	EFFECTIVE DATE: 7/01/2007 - ALL SECTIONS		

HB 427 INTRODUCED BY BERGREN

LC2262 DRAFTER: EVERTS

REVISE UNIVERSAL SYSTEM BENEFITS LAW

1/23	FISCAL NOTE REQUESTED		
1/23	INTRODUCED		
1/25	REFERRED TO FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS		
1/26	FISCAL NOTE RECEIVED		
1/26	FISCAL NOTE PRINTED		
2/05	HEARING		
2/15	COMMITTEE EXECUTIVE ACTION—BILL PASSED AS AMENDED	12	0

2/15	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/17	2ND READING PASSED	97	2
2/19	3RD READING PASSED	92	7
TRANSMITTED TO SENATE			
3/07	REFERRED TO NATURAL RESOURCES AND ENERGY		
3/16	HEARING		
3/26	COMMITTEE EXECUTIVE ACTION—BILL CONCURRED	9	0
3/26	COMMITTEE REPORT—BILL CONCURRED		
3/27	2ND READING CONCURRED ON VOICE VOTE	44	4
3/28	3RD READING CONCURRED	40	9
RETURNED TO HOUSE			
3/28	SENT TO ENROLLING		
3/29	RETURNED FROM ENROLLING		
3/30	SIGNED BY SPEAKER		
3/30	SIGNED BY PRESIDENT		
4/02	TRANSMITTED TO GOVERNOR		
4/10	SIGNED BY GOVERNOR		
4/10	CHAPTER NUMBER ASSIGNED		
	CHAPTER NUMBER 174		
	EFFECTIVE DATE: 4/10/2007 - ALL SECTIONS		

HB 428 INTRODUCED BY GALLIK

LC1796 DRAFTER: GEIGER

REVISE JUNK VEHICLE LAWS

1/23	INTRODUCED		
1/25	REFERRED TO TRANSPORTATION		
2/05	HEARING		
2/06	COMMITTEE EXECUTIVE ACTION—BILL PASSED	10	0
2/06	COMMITTEE REPORT—BILL PASSED		
2/06	PLACED ON CONSENT CALENDAR		
2/06	OBJECTION SUBMITTED TO CONSENT CALENDAR PLACEMENT		
2/08	2ND READING PASSED	84	16
2/09	3RD READING PASSED	82	16
TRANSMITTED TO SENATE			
2/10	REFERRED TO HIGHWAYS AND TRANSPORTATION		
3/08	HEARING		
3/30	COMMITTEE EXECUTIVE ACTION—BILL CONCURRED	9	0
3/30	COMMITTEE REPORT—BILL CONCURRED		
4/03	2ND READING CONCURRED ON VOICE VOTE	47	0
4/05	3RD READING CONCURRED	49	0
RETURNED TO HOUSE			
4/10	SENT TO ENROLLING		
4/10	RETURNED FROM ENROLLING		
4/13	SIGNED BY SPEAKER		
4/13	SIGNED BY PRESIDENT		
4/16	TRANSMITTED TO GOVERNOR		
4/26	SIGNED BY GOVERNOR		
4/26	CHAPTER NUMBER ASSIGNED		
	CHAPTER NUMBER 265		
	EFFECTIVE DATE: 10/01/2007 - ALL SECTIONS		

HB 429 INTRODUCED BY SESSO

LC2342 DRAFTER: L. JACKSON

REVISE MEDICAID FUNDING PRINCIPLES

1/23	INTRODUCED
1/23	FISCAL NOTE REQUESTED
1/26	REFERRED TO APPROPRIATIONS
1/31	FISCAL NOTE RECEIVED
2/01	FISCAL NOTE PRINTED
2/07	REREFERRED TO HUMAN SERVICES
2/23	HEARING
2/28	MISSED DEADLINE FOR GENERAL BILL TRANSMITTAL
	DIED IN STANDING COMMITTEE

HB 430 INTRODUCED BY MUSGROVE

LC1829 DRAFTER: BOHYER

USE UNCLAIMED GIFT CARD FUNDS TO FUND AFFORDABLE HOUSING LOAN ACCOUNT

12/05	FISCAL NOTE NEEDED
1/23	FISCAL NOTE REQUESTED
1/23	INTRODUCED

HOUSE BILL NO. 427

INTRODUCED BY Bargren
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING NATURAL GAS UNIVERSAL SYSTEM BENEFITS LAWS; CLARIFYING THE DEFINITION OF "UNIVERSAL SYSTEM BENEFITS PROGRAMS"; CLARIFYING THAT THE PUBLIC SERVICE COMMISSION HAS ONGOING OVERSIGHT FOR NATURAL GAS UTILITY UNIVERSAL SYSTEM BENEFIT PROGRAMS; PROVIDING THAT A UNIVERSAL SYSTEM BENEFITS CHARGE MAY BE ESTABLISHED AND REVISED THROUGH A TRACKING PROCEDURE; CLARIFYING THAT A NATURAL GAS UTILITY'S FUNDING REQUIREMENT IS A MINIMUM FUNDING REQUIREMENT; INCREASING THE ANNUAL FUNDING REQUIREMENT; REQUIRING AN ANNUAL REPORT; AMENDING SECTIONS 69-3-1402 AND 69-3-1408, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-1402, MCA, is amended to read:

"69-3-1402. Definitions. As used in this part, the following definitions apply:

(1) "Customer" means a natural gas customer or consumer of natural gas supply or natural gas transmission facilities, storage facilities, or distribution facilities.

(2) "Distribution facilities" means those facilities that are not transmission facilities:

(a) by and through which natural gas is received from a transmission services provider and transmitted to the customer; and

(b) operated by a distribution services provider.

(3) "Distribution services provider" means a person controlling or operating distribution facilities for distribution of natural gas to the public.

(4) "Natural gas supplier" means a person, including aggregators, market aggregators, brokers, and marketers, licensed by the commission that is offering to sell natural gas to retail customers in the state of Montana.

(5) "Natural gas utility" means a utility regulated by the commission on May 2, 1997, that provides natural gas services to the public.

(6) "Open access" means that a natural gas utility has made its transmission facilities, storage facilities,

1 or distribution facilities available to all natural gas suppliers, transmission services providers, distribution services
2 providers, and customers on a nondiscriminatory and comparable basis.

3 (7) "Performance-based ratemaking" means those forms of regulation that include but are not limited
4 to the use of revenue indexing, price indexing, ranges of authorized return, gas cost indexing, and innovative use
5 of utility-related assets and activities, such as system sales of excess natural gas supplies, release of upstream
6 pipeline capacity, and performance of billing services for other natural gas suppliers. A performance-based
7 regulation may also include a mechanism for automatic annual adjustments of revenue to prices to reflect
8 changes in any index adopted for the implementation of the performance-based form of regulation.

9 (8) "Storage facilities" means those facilities that are owned, controlled, or operated by a person offering
10 storage service for natural gas and generally means any underground reservoir suitable for the storage of natural
11 gas and the facilities used to inject and withdraw natural gas into and out of that underground reservoir.

12 (9) "Transition costs" means:

13 (a) a natural gas utility's net, verifiable ~~production-~~ production-related and gathering-related costs,
14 including costs of capital, that become unrecoverable as a result of customer choice and open access. These
15 costs include but are not limited to:

16 (i) regulatory assets and deferred charges that exist as a result of current regulatory practices and that
17 may be accounted for up to the point in time that the commission issues a final order in a docket addressing
18 transition costs, including all costs, expenses, and fees related to the issuance of transition bonds;

19 (ii) the above-market costs associated with existing gas supply commitments;

20 (iii) other natural gas utility investments rendered uneconomic as a result of implementation of customer
21 choice and open access;

22 (iv) the costs associated with renegotiation or buyout of existing natural gas purchase contracts; and

23 (v) the costs associated with the issuance of any related transition bonds authorized by the commission
24 pursuant to 69-3-1403.

25 (b) the costs of refinancing or retiring debt or equity capital of the natural gas utility and associated
26 federal and state tax liabilities or other utility costs for which the use of transition bonds would benefit customers.

27 (10) "Transmission facilities" means those facilities owned, controlled, and operated by a transmission
28 services provider that are used to transport natural gas from a gathering line or storage facility to a distribution
29 facility, storage facility, or end-use customer.

30 (11) "Transmission services provider" means a person controlling or operating transmission facilities.

(12) "Universal system benefits charge" means a nonbypassable rate or charge to be imposed on a customer to pay the customer's share of universal system benefits program costs.

(13) "Universal system benefits programs" means public purpose programs for cost-effective local energy conservation, low-income energy bill discounts, low-income weatherization, and emergency low-income energy bill assistance."

Section 2. Section 69-3-1408, MCA, is amended to read:

"69-3-1408. Universal system benefits programs -- establishing nonbypassable rate. (1) A natural gas utility shall implement, upon commission approval and subject to ongoing commission oversight and direction, a universal system benefits program ~~that considers existing universal system benefits programs in the state.~~

(2) The commission shall establish a universal system benefits charge that ~~either~~ all natural gas transmission services providers or all distribution services providers, or both, in the state of Montana shall charge to all end-use customers, taking into consideration the current level of expenditure by the natural gas utility, cost-effectiveness, and similar costs imposed in other states. The charge may be established and revised through a universal system benefits charge tracking procedure. The method of assessing ~~those rates~~ the charge may not disproportionately burden a large transmission services provider's customers. Within the universal system benefits charge, beginning January 1, 2007, a natural gas utility's minimum annual funding requirement for low-income weatherization and low-income energy bill assistance is established at ~~0.42%~~ 1.2% of a natural gas utility's annual revenue for the previous year. A natural gas utility must receive credit for its internal programs or activities that qualify as universal system benefits programs.

(3) A natural gas utility shall file an annual report of its universal system benefits charges, programs, and program funding levels with the commission in a manner prescribed by the commission.

~~(3) On or before July 1, 2002, the commission shall conduct a reevaluation of the ongoing need for universal system benefits programs and annual funding requirements and shall make recommendations to the 58th legislature regarding the future need for universal system benefits programs. The determination should focus specifically on the existence of markets to provide for any of the universal system benefits programs or on whether other means for funding those universal system benefits programs have developed. These recommendations may also address how future reevaluations will be provided, if necessary."~~

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

- END -



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0427

Title: Revise universal system benefits law

Primary Sponsor: Bergren, Bob

Status: As Introduced

- ☐ Significant Local Gov Impact ☐ Needs to be included in HB 2 ☐ Technical Concerns
☐ Included in the Executive Budget ☐ Significant Long-Term Impacts ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL ANALYSIS

Assumptions:

This bill has no fiscal impact to the state.

Sponsor's Initials

Date

Budget Director's Initials

Date

HB 427

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN ALAN OLSON**, on February 5, 2007 at
3:00 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Alan Olson, Chairman (R)
Rep. George G. Groesbeck, Vice Chairman (D)
Rep. Harry Klock, Vice Chairman (R)
Rep. Scott Boggio (R)
Rep. Robyn Driscoll (D)
Rep. Dave Gallik (D)
Rep. Dennis Himmelberger (R)
Rep. Llew Jones (R)
Rep. Diane Rice (R)
Rep. Wayne Stahl (R)
Rep. Bill Thomas (D)
Rep. Jonathan Windy Boy (D)

Members Excused: None.

Members Absent: None.

Staff Present: Todd Everts, Legislative Branch
Cindy Peterson, Committee Secretary

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: HB 427, 1/26/2007; HJ 20,
1/31/2007; HB 526, 2/1/2007
Executive Action: HJ 20, HB 526, HB 25

HEARING ON HB 526

Opening Statement by Sponsor:

00:01:10 Rep. George Groesbeck (D), HD 74, opened the hearing on
HB 526, revise territorial integrity act.

Proponents' Testimony:

00:03:02 Doug Hardy, Montana Electric Cooperatives
EXHIBIT(feh25a01)
00:08:31 John Fitzpatrick, Northwestern Energy
00:08:54 John Alke, Montana Dakota Utilities

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

00:09:36 Rep. Groesbeck

HEARING ON HB 427

Opening Statement by Sponsor:

00:12:34 Rep. Bob Bergren (D), HD 33, opened the hearing on HB
427, revise universal system benefits law.

Proponents' Testimony:

00:15:04 Greg Jergeson, Chairman, Montana Public Service
Commission
EXHIBIT(feh25a02)
00:22:10 Ed Eaton, AARP Montana
EXHIBIT(feh25a03)
00:22:40 Jim Nolan, Department of Public Health and Human
Services
00:24:13 Patrick Judge, Montana Environmental Information Center
00:25:59 John Fitzpatrick, Northwestern Energy
00:26:19 Mary McCue, Association of the Directors of the Human
Resource and Development Councils

Opponents' Testimony:

00:26:55 John Alke, Montana Dakota Utilities

EXHIBIT(feh25a04)

EXHIBIT(feh25a05)

00:35:07 Brad Molnar, Commissioner, Montana Public Service
Commission

EXHIBIT(feh25a06)

Informational Testimony: None

Questions from Committee Members and Responses:

00:43:51 Rep. Groesbeck

00:44:22 Mr. Judge

00:45:01 Rep. Groesbeck

00:45:26 Mr. Alke

00:46:19 Rep. Groesbeck

00:46:33 Mr. Alke

Closing by Sponsor:

00:48:15 Rep. Bergren

HEARING ON HJ 20

Opening Statement by Sponsor:

00:49:19 Rep. Mike Milburn (R), HD 19, opened the hearing on HJ
20, Urge recognition of federal damage to Whitmore
ravine.

Proponents' Testimony:

00:50:53 Gayla Wortman

EXHIBIT(feh25a07)

00:55:23 John Chase, Cascade County Conservation District

01:01:33 Lisa Barton, landowner

01:05:28 Jill Lorang, Administrator, Cascade County Conservation
District

01:08:10 Vicki Marquis, Missouri River Conservation District
Council

EXHIBIT(feh25a08)

01:10:43 Peggy Beltrone, Cascade County Commissioner

01:12:38 Dick Gaswood, Cascade County

01:14:35 Ray Beck, Conservation Resource Development Division,
Department of Natural Resources and Conservation

**Exhibits for February 5, 2007 are available
only through the Montana Historical Society.**

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN ALAN OLSON**, on February 14, 2007 at
3:30 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Alan Olson, Chairman (R)
Rep. George G. Groesbeck, Vice Chairman (D)
Rep. Harry Klock, Vice Chairman (R)
Rep. Scott Boggio (R)
Rep. Robyn Driscoll (D)
Rep. Dave Gallik (D)
Rep. Dennis Himmelberger (R)
Rep. Llew Jones (R)
Rep. Diane Rice (R)
Rep. Wayne Stahl (R)
Rep. Bill Thomas (D)
Rep. Jonathan Windy Boy (D)

Members Excused: None.

Members Absent: None.

Staff Present: Todd Everts, Legislative Branch
Cindy Peterson, Committee Secretary

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: 434, 2/2/2007
Executive Action: HB 330, HB 427

Discussion:

00:51:35 Todd Everts, Legislative Research Analyst
00:53:32 Rep. Olson
00:53:46 Mr. Fitzpatrick
00:57:03 Rep. Driscoll

00:57:34 **Vote:** Motion carried unanimously by voice vote.

00:57:50 **Motion:** Rep. Windy Boy moved that HB 330 **DO PASS AS AMENDED.**

Discussion:

00:58:27 Rep. Boggio
00:58:36 Mr. Fitzpatrick
01:00:10 Rep. Boggio
01:00:29 Mr. Fitzpatrick
01:01:28 Rep. Driscoll
01:01:48 Mr. Fitzpatrick
01:03:23 Rep. Groesbeck
01:03:53 Rep. Stahl

01:04:57 **Vote:** Motion carried 9-3 by voice vote with Rep. Boggio, Rep. Driscoll, and Rep. Himmelberger voting no.

EXECUTIVE ACTION ON HB 427

01:05:47 **Motion:** Rep. Windy Boy moved that HB 427 **DO PASS.**

01:06:28 **Motion/Vote:** Rep. Klock moved that HB 427 **BE AMENDED.**
Motion carried unanimously by voice vote.

EXHIBIT(feh33a04)

01:07:22 **Motion:** Rep. Windy Boy moved that HB 427 **DO PASS AS AMENDED.**

Discussion:

01:07:34 Rep. Groesbeck
01:08:28 Rep. Windy Boy

01:09:07 **Vote:** Motion carried unanimously by voice vote.

HOUSE OF REPRESENTATIVES
Roll Call
FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS
COMMITTEE

DATE: 2-14-07

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
REP. ALAN OLSON, CHAIR	✓	
REP. HARRY KLOCK, VICE CHAIR	✓	
REP. GEORGE GROESBECK, VICE CHAIR	✓	
REP. SCOTT BOGGIO	✓	
REP. ROBYN DRISCOLL	✓	
REP. DAVE GALLIK	✓	
REP. DENNIS HIMMELBERGER	✓	
REP. LLEW JONES	✓	
REP. DIANE RICE	✓	
REP. WAYNE STAHL	✓	
REP. BILL THOMAS	✓	
REP. JONATHAN WINDY BOY	✓	

EXHIBIT 4
DATE 2-14-07
HB 427

Amendments to House Bill No. 427
1st Reading Copy

For the House Federal Relations, Energy, and Telecommunications
Committee

Prepared by Todd Everts
February 12, 2007 (9:23am)

1. Title, line 9 through line 10.

Strike: "INCREASING" on line 9 through "REQUIREMENT;" on line 10

2. Page 3, line 18.

Strike: "1.2%"

Insert: "0.42%"

- END -



HOUSE STANDING COMMITTEE REPORT

February 15, 2007

Page 1 of 1

Mr. Speaker:

We, your committee on **Federal Relations, Energy, and Telecommunications** recommend that **House Bill 427** (first reading copy -- white) do pass as amended.

Signed: 
Representative Alan Olson, Chair

And, that such amendments read:

1. Title, line 9 through line 10.

Strike: "INCREASING" on line 9 through "REQUIREMENT;" on line 10

2. Page 3, line 18.

Strike: "1.2%"

Insert: "0.42%"

- END -

Committee Vote:

Yes 12, No 0

Fiscal Note Required ____

340820SC.hjd

jbn
3/15/07

MINUTES

MONTANA SENATE 60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES AND ENERGY

Call to Order: By **CHAIRMAN GREG LIND**, on March 16, 2007 at 3:00 P.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Greg Lind, Chairman (D)
Sen. Aubyn Curtiss (R)
Sen. Kelly Gebhardt (R)
Sen. Christine Kaufmann (D)
Sen. Gary L. Perry (R)
Sen. Bill Tash (R)
Sen. Mitch Tropila (D)
Sen. David E. Wanzonried (D)

Members Excused:

Sen. Dan Harrington (D)

Members Absent: None.

Staff Present: Claudia Johnson, Committee Secretary
Joe Kolman, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: HB 427, 3/13/2007; HB 681,
3/12/2007; HB 739, 3/13/2007
Executive Action: None.

00:13:20 Chair Sen. Aubyn Curtiss

HEARING ON HB 427

Opening Statement by Sponsor:

00:13:49 **REP. BOB BERGREN (D)**, HD 33, opened the hearing on **HB 427**, Revise universal system benefits law.

EXHIBIT(nas56a01)

00:17:33 Ed Eaton, American Association of Retired Persons (AARP)

00:17:59 John Fitzpatrick, Northwestern Energy (NWE)

00:18:24 Mike Lee, Montana Public Service Commission (PSC)

EXHIBIT(nas56a02)

Proponents:

00:15:13 Patrick Judge, Montana Environmental Information Center (MEIC)

00:20:19 Jim Nolan, Low Income and Energy Assistance, Department of Public Health and Human Services (DPHHA)

00:21:08 Rachel Haberman, Energy Share Montana

Opponents: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

00:21:51 Sen. Tash to Jim Nolan, DPHHS

Closing by Sponsor:

00:22:40 Rep. Bergren

SENATE NATURAL RESOURCES
EXHIBIT NO. 1 443-25126
DATE 3-16-07 3/16/07
BILL NO. HB 429

Statement of the USB Coalition
Energy & Telecommunications Interim Committee
November 19, 2003

Chairman Olson and Members of the Committee,

My name is Patrick Judge, and I am the Energy Policy Director of the Montana Environmental Information Center. I'm speaking today on behalf of a coalition of public interest groups who share a common vision for a clean and affordable energy future for Montana. We also have a common interest in the Universal System Benefits Program as a major vehicle for advancing that vision. Our coalition formed this summer to participate in discussions regarding USB that took place before the Governor's Energy Consumer Protection Task. We delivered two statements to the Task Force, which I've attached to my testimony.

Because all of the meritorious programs supported by USB come out of the same pot of money, an undesirable situation can develop whereby the various programs can become pitted against one another to compete for funds. Our coalition vigorously resists that approach. The need for additional assistance for low-income customers in light of the recent rate hikes is undisputable. All of our groups are supportive of additional dollars being made available to meet that need. However, we do not believe it is either necessary or wise to sacrifice cost-effective conservation and renewable energy programs in the process. Note that our coalition did not oppose the one-time reallocation of \$1.7 million in unspent USB dollars that took place earlier this fall, but on the condition that it would not be considered precedent-setting.

We understand that this committee may consider proposals that would increase the statutory minimum amount of money that is directed to low-income programs. Again, because conservation, renewables, and low-income assistance all come from the same pot of money, by definition, increasing the portion of money going to one category necessarily decreases support for the others. Our coalition would strongly urge the committee not to take this approach. All of the programs supported by USB are worthwhile, and deserve continued support. We should not be robbing Peter to pay Paul.

There are at least two different approaches that could accomplish the same goal of providing greater assistance to low-income consumers, while still preserving our present commitment to conservation and renewable energy. In 1997, many of our groups testified in favor of a 3%+ USB, consistent with the recommendations of the Comprehensive Review of the Northwest Energy System. That report was commissioned and signed by the Governors of the four Northwest states, including Governor Racicot. Montana instead adopted a 2.4% level. Bringing the level up to 3% would allow us additional room to increase the minimum share going to low-income, without impacting conservation and renewables.

The second approach would be to reform the way the USB currently operates. Significant additional money could be obtained without changing either the overall funding level or the minimum percentage figure, if we were to bring a greater degree of consistency and accountability to the program. Currently, Montana's USB program has vastly differing standards and rules for different customer classes and utilities. We believe that these disparities should be addressed so that all customers and all utilities pay their fair share.

Finally, our coalition would also suggest that the committee not focus exclusively on USB electric funds, when the increased need for low-income assistance is coming primarily from increased natural gas costs. There is a large discrepancy between the relative funding levels for the electric and

gas USB programs. USB gas is assessed at a much lower level, and raises far fewer funds. The committee should consider addressing this unbalance.

In summary, USB is a critically important program, but there are areas in need of improvement. If there is one, overarching message we would like to convey to you today, it is to ask you not to move hastily in formulating your recommendations. The next regular session of the legislature remains more than a year away. As we all know, the electric utility industry is a fast-moving enterprise, with many unexpected developments that can occur in a year's time. At a minimum, we would encourage the committee to delay making recommendations until it has had a chance to explore the issues more fully.

But to begin that process, I believe there are a number of groups and individuals that are here today that would like describe some of the benefits of projects that have been made possible by USB funds.

Thank you for this opportunity to comment.

Signatories

Bob Bartholemew
State Director
AARP Montana
Taffy Miller
Senior Consultant
Director, Residential & Small Commercial Implementation
Kema - Xenergy

Patrick Judge
Energy Policy Director
Montana Environmental Information Center

David Ponder
Executive Director
Montana Public Interest Research Group

Kathy Hadley
Executive Director
National Center for Appropriate Technology

Elizabeth Andrews
Montana Representative
National Environmental Trust

Ralph Cavanagh
Energy Program Director
Natural Resources Defense Council

Nancy Hirsh
Energy Policy Director
NW Energy Coalition

Ann English Gravatt

Senior Policy Associate
Renewable Northwest Project

Judy Smith
Director
Women's Opportunity & Resource Development

Mary Caferro
Organizer
Working for Equality and Economic Liberation

SENATE NATURAL RESOURCES
CLERK NO. 2
DATE 3-16-07
BILL NO. HB 427

HB0427
Natural Gas Universal System Benefits

Testimony of the Montana Public Service Commission -- Support

Mike Lee

March 16, 2007

Senate Natural Resources and Energy
(Contact: Greg Jergeson, 406 444 6166)

Mr. Chairman and Members of the Committee,

Public purpose programs (e.g., low-income energy assistance, low-income bill discounts, conservation) have been in existence on some Montana energy utility systems for many years. For the past decade, maybe longer, the effects of these programs have been referred to as universal system benefits. The idea of universal system benefits is that all energy utility customers pay a certain charge that is assessed through bills for utility service and the charge is assigned by the public utility to the funding of public purpose programs. In 1997, in conjunction with Montana's energy utility restructuring laws, universal system benefits statutes were enacted for Montana natural gas utilities and electric utilities.

HB0427, as amended, amends Montana's natural gas universal system benefits statutes to clarify some problematic areas of the existing law (e.g., whether the Public Service Commission has ongoing oversight, whether the charge can be established through a cost tracking procedure, whether the charge should be based on previous year's annual revenues, and whether an annual report can be required). Clarification will eliminate ambiguity and potential areas of dispute and will create efficiency in administration of the statute.

The Montana Public Service Commission requested this bill and contributed to its drafting. The Montana Public Service Commission supports this bill as good public policy. The Commission vote to support is not unanimous. It is 4-1, Commissioner Molnar dissenting, on the original bill, and 3-2, Commissioner Molnar and Commissioner Toole dissenting in regard to the House amendment.

**MONTANA SENATE
2007 LEGISLATURE**

ROLL CALL

NATURAL RESOURCES AND ENERGY

DATE 3-16-07

NAMES	PRESENT	ABSENT	EXCUSED
SEN. AUBYN CURTISS (R)	✓		
SEN. KELLY GEBHARDT (R)	✓		
SEN. DAN HARRINGTON (D)			✓
SEN. CHRISTINE KAUFMANN (D)	✓		
SEN. GARY PERRY (R)	✓		
SEN. BILL TASH (R)	✓		
SEN. MITCH TROPILA (D)	✓		
SEN. DAVID WANZENRIED (D)	✓		
SEN. GREG LIND (D) - CHAIR	✓		
JOE KOLMAN, LEPO	✓		
CLAUDIA JOHNSON, SECRETARY	✓		

VISITOR REGISTER

NATURAL RESOURCES

BILLS BEING HEARD TODAY HB 427, 681, 739

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Mike Lee	406 444 6185	Montana PSC	427	X	
Mike Lee	444-6185	Montana PSC	681	—	—
Mike Lee	444-6185	Montana PSC	739	—	—
John Nolan		DPHS	427	X	
Patrick Judge	443-2520	MEIC	681, 739, 427	✓ ALL	
John Lawton	455-8450	City of Great Falls	739	✓	
Coleen Balzarini	455-8478	City of MT	739	✓	
JORDAN LOVE	455-8444	City of GF	739	✓	
HART Dalmann	452-5554	Gr. Falls	739 + 681	✓	
Stuart Lewin	727-8464	SELF	681, 739, 427	✓ ALL	
ED EATON	431-1282	AARP	427	X	
Tim GREGORI	655-8135	SELF SELF	739	X	
Rachel Haberman	442-4900	Energy Share of MT	427	X	
Jasminika	442-1708	AFL-CIO	739		X
JEANAZURAK	457-2030	CG Falls	1		
Olaf STIMAC JR	454-3884	NE BUILDING TRADES	739		X
John 477-7994	4117-9518	Northern Falls	427, 681, 739	X	
JD Lynch	491-1961	MT State Bldg Trades	739		X

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

MONTANA SENATE 60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES AND ENERGY

Call to Order: By **CHAIRMAN GREG LIND**, on March 23, 2007 at 3:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Greg Lind, Chairman (D)
Sen. Aubyn Curtiss (R)
Sen. Kelly Gebhardt (R)
Sen. Dan Harrington (D)
Sen. Christine Kaufmann (D)
Sen. Gary L. Perry (R)
Sen. Bill Tash (R)
Sen. Mitch Tropila (D)
Sen. David E. Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Claudia Johnson, Committee Secretary
Joe Kolman, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: SB 558, 3/19/2007; HB 715,
3/19/2007
Executive Action: HB 259, HB 166, HB 427, HB 557, HB
739, HB 681

01:42:51 Hailey Beaudery, Columbia Falls Aluminum Company

Opponents: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

01:44:45 Sen. Kaufmann to Evan Barrett, Governor's Office

01:50:26 Sen. Lind to Rep. Olson

Closing by Sponsor:

01:52:59 Rep. Olson

Discussion:

01:55:55 Sen. Lind to Sen. Gebhardt

EXECUTIVE ACTION ON HB 259

01:56:25 **Motion/Vote:** SEN. GEBHARDT moved that HB 259 BE CONCURRED IN. Motion carried unanimously by voice vote. SEN. WANZENRIED and SEN. TASH voted by proxy.

EXECUTIVE ACTION ON HB 166

Discussion:

01:58:54 Sen. Lind

01:59:19 **Motion/Vote:** SEN. KAUFMANN moved that HB 166 BE CONCURRED IN. Motion carried unanimously by voice vote. SEN. WANZENRIED and SEN. TASH voted by proxy.

EXECUTIVE ACTION ON HB 427

02:00:03 **Motion:** SEN. KAUFMANN moved that HB 427 BE CONCURRED IN.

Discussion:

02:01:50 **Motion:** SEN. KAUFMANN moved that AMENDMENT HB042701.AJK BE ADOPTED.

EXHIBIT(nas62a05)

Discussion:

02:03:15 Sen. Gebhardt

02:04:22 Sen. Kaufmann

02:05:06 Sen. Perry

02:06:37 Sen. Lind to Will Rosquist, PSC

02:10:33 **Vote:** SEN. GEBHARDT CALLED THE QUESTION ON AMENDMENT HB042701.AJK. Motion failed 4-5 by roll call vote with SEN. HARRINGTON, SEN. KAUFMANN, SEN. LIND, and SEN. WANZENRIED voting aye. SEN. WANZENRIED and SEN. TASH voted by proxy.

02:11:54 **Vote:** Motion that HB 427 BE CONCURRED IN carried unanimously by voice vote. SEN. WANZENRIED and SEN. TASH voted by proxy.

EXECUTIVE ACTION ON HB 557

Discussion:

02:12:36 Sen. Lind

02:13:00 Sen. Lind to Joe Kolman, LSD

02:13:53 **Motion:** SEN. GEBHARDT moved that HB 557 BE CONCURRED IN.

Discussion:

02:13:59 **Motion:** SEN. GEBHARDT moved that AMENDMENT HB055701.AJK BE ADOPTED.

EXHIBIT(nas62a06)

Discussion:

02:14:40 Sen. Gebhardt

02:15:36 Sen. Lind to Sen. Gebhardt



SENATE STANDING COMMITTEE REPORT

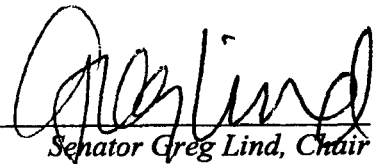
March 26, 2007

Page 1 of 1

Mr. President:

We, your committee on **Natural Resources and Energy** recommend that **House Bill 427** (third reading copy -- blue) be concurred in.

Signed: _____


Senator Greg Lind, Chair

To be carried by Senator David Wanzenried

- END -

Committee Vote:

Yes 9, No 0

Fiscal Note Required _____



641025SC.spb

ROLL CALL
NATURAL RESOURCES COMMITTEE

[illegible]

Amendments to House Bill No. 427
3rd Reading Copy

Requested by Senator Christine Kaufmann

For the Senate Natural Resources and Energy Committee

Prepared by Joe Kolman
March 23, 2007 (8:36am)

1. Title, line 10.

Following: "REQUIREMENT,"

Insert: "INCREASING THE ANNUAL FUNDING REQUIREMENT;"

2. Page 3, line 18.

Strike: "0.42%"

Insert: "1.2%"

- END -

ROLL CALL VOTE

DATE 3-23-07 BILL NO. HB 427 NUMBER 4-5
MOTION: Adopt Amendment HB042701. ajk

Failed

[illegible]

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f), a committee member may vote by proxy using a standard form.

~~HB~~ Amendment HB 073901.ajk - Yes (#1 of 3)

PROXY VOTE

I, the undersigned, hereby authorize Senator LIND

to vote my proxy on any issue before the Senate NATURAL RESOURCES

Committee

held on MARCH 23, 2007.

HB 259 - Yes

HB 166 - Yes

HB 42701.ajk - Yes

HB 427 - Aye

HB 557 - NO

HB 055701.ajk - NO

WYNNE RISH

SENATOR

STATE OF MONTANA

HB 05502 (conceptual) - NO

HB 557 Table - Yes



AN ACT REVISING NATURAL GAS UNIVERSAL SYSTEM BENEFITS LAWS; CLARIFYING THE DEFINITION OF "UNIVERSAL SYSTEM BENEFITS PROGRAMS"; CLARIFYING THAT THE PUBLIC SERVICE COMMISSION HAS ONGOING OVERSIGHT FOR NATURAL GAS UTILITY UNIVERSAL SYSTEM BENEFIT PROGRAMS; PROVIDING THAT A UNIVERSAL SYSTEM BENEFITS CHARGE MAY BE ESTABLISHED AND REVISED THROUGH A TRACKING PROCEDURE; CLARIFYING THAT A NATURAL GAS UTILITY'S FUNDING REQUIREMENT IS A MINIMUM FUNDING REQUIREMENT; REQUIRING AN ANNUAL REPORT; AMENDING SECTIONS 69-3-1402 AND 69-3-1408, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-1402, MCA, is amended to read:

"69-3-1402. Definitions. As used in this part, the following definitions apply:

(1) "Customer" means a natural gas customer or consumer of natural gas supply or natural gas transmission facilities, storage facilities, or distribution facilities.

(2) "Distribution facilities" means those facilities that are not transmission facilities:

(a) by and through which natural gas is received from a transmission services provider and transmitted to the customer; and

(b) operated by a distribution services provider.

(3) "Distribution services provider" means a person controlling or operating distribution facilities for distribution of natural gas to the public.

(4) "Natural gas supplier" means a person, including aggregators, market aggregators, brokers, and marketers, licensed by the commission that is offering to sell natural gas to retail customers in the state of Montana.

(5) "Natural gas utility" means a utility regulated by the commission on May 2, 1997, that provides natural gas services to the public.

(6) "Open access" means that a natural gas utility has made its transmission facilities, storage facilities, or distribution facilities available to all natural gas suppliers, transmission services providers, distribution services providers, and customers on a nondiscriminatory and comparable basis.

(7) "Performance-based ratemaking" means those forms of regulation that include but are not limited to the use of revenue indexing, price indexing, ranges of authorized return, gas cost indexing, and innovative use of utility-related assets and activities, such as system sales of excess natural gas supplies, release of upstream pipeline capacity, and performance of billing services for other natural gas suppliers. A performance-based regulation may also include a mechanism for automatic annual adjustments of revenue to prices to reflect changes in any index adopted for the implementation of the performance-based form of regulation.

(8) "Storage facilities" means those facilities that are owned, controlled, or operated by a person offering storage service for natural gas and generally means any underground reservoir suitable for the storage of natural gas and the facilities used to inject and withdraw natural gas into and out of that underground reservoir.

(9) "Transition costs" means:

(a) a natural gas utility's net, verifiable ~~production-~~ production-related and gathering-related costs, including costs of capital, that become unrecoverable as a result of customer choice and open access. These costs include but are not limited to:

(i) regulatory assets and deferred charges that exist as a result of current regulatory practices and that may be accounted for up to the point in time that the commission issues a final order in a docket addressing transition costs, including all costs, expenses, and fees related to the issuance of transition bonds;

(ii) the above-market costs associated with existing gas supply commitments;

(iii) other natural gas utility investments rendered uneconomic as a result of implementation of customer choice and open access;

(iv) the costs associated with renegotiation or buyout of existing natural gas purchase contracts; and

(v) the costs associated with the issuance of any related transition bonds authorized by the commission pursuant to 69-3-1403.

(b) the costs of refinancing or retiring debt or equity capital of the natural gas utility and associated federal and state tax liabilities or other utility costs for which the use of transition bonds would benefit customers.

(10) "Transmission facilities" means those facilities owned, controlled, and operated by a transmission

services provider that are used to transport natural gas from a gathering line or storage facility to a distribution facility, storage facility, or end-use customer.

(11) "Transmission services provider" means a person controlling or operating transmission facilities.

(12) "Universal system benefits charge" means a nonbypassable rate or charge to be imposed on a customer to pay the customer's share of universal system benefits program costs.

(13) "Universal system benefits programs" means public purpose programs for cost-effective local energy conservation, low-income energy bill discounts, low-income weatherization, and emergency low-income energy bill assistance."

Section 2. Section 69-3-1408, MCA, is amended to read:

"69-3-1408. Universal system benefits programs -- establishing nonbypassable rate. (1) A natural gas utility shall implement, upon commission approval and subject to ongoing commission oversight and direction, a universal system benefits program ~~that considers existing universal system benefits programs in the state.~~

(2) The commission shall establish a universal system benefits charge that ~~either~~ all natural gas transmission services providers or all distribution services providers, or both, in the state of Montana shall charge to all end-use customers, taking into consideration the current level of expenditure by the natural gas utility, cost-effectiveness, and similar costs imposed in other states. The charge may be established and revised through a universal system benefits charge tracking procedure. The method of assessing ~~those rates~~ the charge may not disproportionately burden a large transmission services provider's customers. Within the universal system benefits charge, beginning January 1, 2007, a natural gas utility's minimum annual funding requirement for low-income weatherization and low-income energy bill assistance is established at ~~0.42%~~ 0.42% of a natural gas utility's annual revenue for the previous year. A natural gas utility must receive credit for its internal programs or activities that qualify as universal system benefits programs.

(3) A natural gas utility shall file an annual report of its universal system benefits charges, programs, and program funding levels with the commission in a manner prescribed by the commission.

~~(3) On or before July 1, 2002, the commission shall conduct a reevaluation of the ongoing need for universal system benefits programs and annual funding requirements and shall make recommendations to the 58th legislature regarding the future need for universal system benefits programs. The determination should~~

~~focus specifically on the existence of markets to provide for any of the universal system benefits programs or on whether other means for funding those universal system benefits programs have developed. These recommendations may also address how future reevaluations will be provided, if necessary."~~

Section 3. Effective date. [This act] is effective on passage and approval.

- END -